



Highlights of the 3 Years Ended August 31

	<u>1982</u>	<u>1981</u>	<u>1980</u>
Net Sales	\$48,103,000	\$44,590,000	\$35,795,000
Net Income	\$ 8,965,000	\$ 7,844,000	\$ 5,510,000
Net Income per Share	\$3.62	\$3.17	\$2.22
Dividends Paid	\$2.05	\$1.80	\$1.55
Average No. of Shares Outstanding	2,478,278	2,478,090	2,478,090
Shares Outstanding	2,479,590	2,478,090	2,478,090
Number of Shareholders	1399	1491	1698
Number of Employees	37	36	36

Highlights Fiscal 1982:

- Current Ratio: 6.8 to 1
- Net Income to Average Net Worth: 50.8%
- Debt: None
- Receivables to Sales: 20%
- Inventories to Sales: 3.9%
- Sales per Employee: \$1,300,081

October 18, 1982

TO OUR SHAREHOLDERS:

It is a pleasure to report that once again your Company has posted record sales and earnings. Sales rose to \$48,103,000, an increase of 7.8% over last year and earnings reached \$8,965,000, up 14.3% from Fiscal 1981. On a per share basis, earnings were \$3.62 as compared with \$3.17 last year. Cash dividends were \$2.05 per share this year compared with \$1.80 per share last year. There was no product price increase during the year.

The depressed economy undoubtedly restrained our growth. Cautious consumer and industrial spending coupled with tight inventory policies throughout the trade certainly dampened sales. The recession did, however, have a stabilizing effect on product related costs.

The retailing world remains in a turmoil as evidenced by the number of sizable firms that have liquidated or gone into bankruptcy. Personnel changes and reorganization are common place which makes the task of maintaining effective communications with our accounts a true challenge.

J. Lawrence Irving resigned as Director and Secretary in August, in view of his appointment as a United States District Court Judge. Judge Irving's contact with the Company dates back to 1963 when he worked part-time manufacturing WD-40 concentrate while waiting to take the California Bar Examination. He has been an avid supporter of the Company ever since. He was elected a Director in 1970 and Secretary in 1971. We will miss his wise counsel and keen wit and we wish him well in his new post in which he is bound to distinguish himself.

We are planning to set new sales and earnings records in 1983 notwithstanding the state of the economy.



John S. Barry,
President

THE COMPANY

Corporate Objectives

Management is dedicated to the objectives of increasing corporate earnings and dividends by winning the end-user's brand loyalty for your Company's only product, WD-40.

The Product

WD-40 is the cornerstone of your Company. It is a chemical-petroleum based maintenance product consumed by end-users in homes, factories, garages, farms and offices throughout the free world. The well-established growth pattern in the demand for WD-40 attests to customer satisfaction with its performance.

WD-40 is typically procured for a specific application and, because of its unusual versatility, finds its way into many other uses. This broad range of uses provides your single-product Company with surprising diversification from a marketing point-of-view — it has little dependency on any one or even a group of end-users.

Markets

WD-40 is supplied to its many markets through a number of trade channels, the most important of which are: hardware, automotive, sporting goods, industrial and farm. Your Company envisions significant growth attainable through increased market penetration.

Competition

Your Company's success with WD-40 has created a modern day Lorelei. Numerous imitators have been lured into the marketplace with dreams of carving out a good piece of the WD-40 business for themselves. After spending significant amounts of money, they are bewildered to find they have garnered only crumbs. Size does not immunize firms from this lure — five firms in the billion dollar sales class have succumbed and wound up with an inconsequential market share. Apparently, the failure to read history assures that this cycle will be repeated.

The only outstanding trademark/trade dress infringement case was settled during the year by the offender changing his label. We consider our trademark/trade dress the Company's single most

valuable asset and we will continue to zealously protect it.

Operational Overview

While your Company is technically a manufacturer, it is really a marketer. Such being the case, it is organized to focus intensive management attention on critical success areas of: (1) sales policies, (2) marketing plan formulation, and (3) implementation of marketing plans. Other vital functions handled internally are: order handling, credit, concentrate formulation, and quality control.

WD-40 concentrate is formulated in San Diego and shipped by rail car or tank wagon to contract packagers in Los Angeles, Texas, Georgia, Massachusetts, Wisconsin, and Toronto, Canada. These independent sub-contractors package WD-40 to rigid specifications and, upon order from your Company, ship WD-40 to customers in their respective areas via common carrier. The packagers have no responsibility for marketing WD-40.

Your Company has 30 employees in the United States and 7 in Canada.

Capital Requirements — Dividends

Your Company will be able to accommodate a very substantial increase in business with an insignificant addition to fixed assets. Growth will require modest increases to working capital. There are no other plans for utilizing earnings, hence, it is expected that unneeded funds will be paid out as dividends. This is reflected in the fact that fiscal 1982 cash dividends were 14% higher than the previous year.

International

Your Company has a network of licensees and distributors throughout the free world. While contributing less than 10% of sales and income, this business does enhance WD-40's overall image as well as build demand in the United States through "cross-pollination."

Fiscal 1983

We have ambitious plans for advancing WD-40 in the marketplace.



October 13, 1982

To the Board of Directors and Shareholders
of WD-40 Company

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of income and retained earnings and of changes in financial position present fairly the financial position of WD-40 Company and its subsidiary at August 31, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the three years in the period ended August 31, 1982, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

**WD-40 COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS**

	Year ended August 31		
	1982	1981	1980
Net sales	\$48,103,000	\$44,590,000	\$35,795,000
Interest, royalty and other income	1,712,000	1,212,000	942,000
	<u>49,815,000</u>	<u>45,802,000</u>	<u>36,737,000</u>
Cost and expenses:			
Cost of products sold	20,467,000	19,715,000	16,106,000
Selling, general and administrative	8,170,000	7,351,000	6,689,000
Advertising and sales promotion	3,083,000	2,852,000	2,830,000
	<u>31,720,000</u>	<u>29,918,000</u>	<u>25,625,000</u>
Income before taxes on income	<u>18,095,000</u>	<u>15,884,000</u>	<u>11,112,000</u>
Provision for income taxes (Note 2):			
Federal	7,321,000	6,432,000	4,563,000
State	1,505,000	1,340,000	930,000
Foreign	304,000	268,000	109,000
	<u>9,130,000</u>	<u>8,040,000</u>	<u>5,602,000</u>
Net income	<u>8,965,000</u>	<u>7,844,000</u>	<u>5,510,000</u>
Beginning retained earnings	14,448,000	11,065,000	9,396,000
Cash dividends of \$2.05, \$1.80 and \$1.55 per share ..	(5,080,000)	(4,461,000)	(3,841,000)
Ending retained earnings	<u>\$18,333,000</u>	<u>\$14,448,000</u>	<u>\$11,065,000</u>
Earnings per share (Note 1)	<u>\$3.62</u>	<u>\$3.17</u>	<u>\$2.22</u>

See accompanying notes to consolidated financial statements.

**WD-40 COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET**

ASSETS

	August 31	
	<u>1982</u>	<u>1981</u>
Current assets:		
Cash including certificates of deposit of \$9,218,000 and \$9,891,000	\$10,011,000	\$10,428,000
Accounts receivable, less allowance for cash discounts and doubtful accounts of \$55,000 and \$42,000	9,642,000	7,081,000
Inventories, at the lower of average cost or market:		
Finished goods	1,605,000	1,076,000
Raw materials	255,000	349,000
	1,860,000	1,425,000
Prepaid taxes and expenses	673,000	578,000
Total current assets	<u>22,186,000</u>	<u>19,512,000</u>
Property, plant and equipment at cost (Note 1):		
Land	100,000	100,000
Building and improvements	476,000	477,000
Machinery and equipment	718,000	659,000
	1,294,000	1,236,000
Less: Accumulated depreciation	<u>(564,000)</u>	<u>(464,000)</u>
	730,000	772,000
	<u>\$22,916,000</u>	<u>\$20,284,000</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 1,365,000	\$ 1,304,000
Accrued payroll and related expenses	793,000	650,000
Estimated taxes on income (Note 2)	1,114,000	2,615,000
Total current liabilities	<u>3,272,000</u>	<u>4,569,000</u>
Deferred income taxes (Note 2)	45,000	45,000
Shareholders' equity:		
Common stock, no par value, 3,000,000 shares authorized — shares issued and outstanding of 2,479,590 and 2,478,090 (Note 3)	1,145,000	1,101,000
Paid in capital	121,000	121,000
Retained earnings	18,333,000	14,448,000
Total shareholders' equity	<u>19,599,000</u>	<u>15,670,000</u>
	<u>\$22,916,000</u>	<u>\$20,284,000</u>

See accompanying notes to consolidated financial statements.

**WD-40 COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITION**

	Year ended August 31		
	1982	1981	1980
Financial resources were provided by:			
Operations —			
Net income	\$8,965,000	\$7,844,000	\$5,510,000
Depreciation	104,000	103,000	99,000
Deferred income tax	-0-	-0-	2,000
Provided by operations	9,069,000	7,947,000	5,611,000
Issuance of common stock (Note 3)	44,000	-0-	-0-
Disposition of equipment	19,000	-0-	10,000
	<u>9,132,000</u>	<u>7,947,000</u>	<u>5,621,000</u>
Financial resources were used for:			
Cash dividends	5,080,000	4,461,000	3,841,000
Additions to plant and equipment	81,000	46,000	87,000
	<u>5,161,000</u>	<u>4,507,000</u>	<u>3,928,000</u>
Increase in working capital	<u>\$3,971,000</u>	<u>\$3,440,000</u>	<u>\$1,693,000</u>
Changes in components of working capital:			
Increase (decrease) in current assets —			
Cash	\$ (417,000)	\$5,054,000	\$ 6,000
Accounts receivable	2,561,000	1,652,000	(504,000)
Inventories	435,000	404,000	232,000
Prepaid taxes and expenses	95,000	(65,000)	232,000
	<u>2,674,000</u>	<u>7,045,000</u>	<u>(34,000)</u>
Decrease (increase) in current liabilities —			
Accounts payable	(61,000)	(831,000)	441,000
Accrued payroll and related expenses	(143,000)	(221,000)	(16,000)
Estimated taxes on income	1,501,000	(2,553,000)	1,302,000
	<u>1,297,000</u>	<u>(3,605,000)</u>	<u>1,727,000</u>
Increase in working capital	<u>\$3,971,000</u>	<u>\$3,440,000</u>	<u>\$1,693,000</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — Summary of accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, WD-40 Products (Canada) Limited. All significant intercompany transactions have been eliminated. Accounts of the Canadian subsidiary have been translated into United States dollars at appropriate rates of exchange. The gain or loss resulting from translation, which was not material in amount, has been included in operations.

Depreciation

Depreciation of plant and equipment has been provided on the straight-line method, based upon estimated useful lives of thirty years for the plant, and three to fifteen years for machinery and equipment. Management has elected to depreciate plant, machinery and equipment on the declining balance method for income tax purposes. Expenditures for renewals and betterments are capitalized; maintenance and repair costs are expensed. Upon the sale or retirement of

property, plant and equipment, cost and related depreciation are cleared from the accounts and any gain or loss is included in operations.

Earnings per share

Earnings per share are based upon the weighted average number of shares outstanding during each year of 2,478,278 in 1982 and 2,478,090 in 1981 and 1980.

NOTE 2 — Income taxes

Income tax provisions are computed at the statutory rates in effect for federal, state and foreign authorities, respectively. The provision for income taxes includes the following timing differences:

	Year ended August 31		
	1982	1981	1980
Due to expenses recorded in advance of tax deduction —			
California Franchise Tax	\$ 49,000	\$161,000	\$ 3,000
Allowance for cash discounts	7,000	(35,000)	6,000
Stock appreciation rights	52,000	36,000	-0-
Other — net	1,000	-0-	(1,000)
Increase in prepaid taxes	109,000	162,000	8,000
Due to tax deduction in advance of recording expense —			
Decrease (increase) in deferred taxes —			
Depreciation	-0-	-0-	(2,000)
Tax effect of timing differences	<u>\$109,000</u>	<u>\$162,000</u>	<u>\$ 6,000</u>

Investment tax credits, which are not material in amount, are accounted for under the flowthrough method.

NOTE 3 — Common stock

The Company has a Non-Qualified Stock Option Plan under which officers and key employees of the Company may be granted options to purchase an aggregate of not more than 60,000 shares of the Company's no par value common stock at a price not less than 100% of the fair market value of the stock at the date of grant. Options are exercisable one year after grant and may not be granted for terms in excess of five years. Options for 16,400 shares were granted September 1979 at \$29.50 per share which brought the aggregate number of options issued under the Plan to the maximum allowable amount of 60,000 shares. The Plan terminates in October 1982. During 1981 the company issued Stock Appreciation Rights (SAR) covering the 16,400 stock options granted September 1979 at \$29.50 per share. The charge to income with respect to the granted SAR totalled \$98,000 in 1982 and \$77,900 in 1981.

During the year ended August 31, 1982, stock options for 1,500 shares and the related SAR were exercised. The SAR value when exercised approximated \$14,000 and was applied against the option price of approximately \$44,000, generating \$30,000 of net cash proceeds to the Company. Stock options for 14,900 shares were outstanding at year end under this plan.

In November 1981, the shareholders approved an Incentive Stock Option Plan whereby the Board of Directors may grant officers and key employees options to purchase an aggregate of not more than 80,000 shares of the Company's no par value common stock at a price not less than 100% of the fair market value of the stock at the date of grant. Options are exercisable one year after grant and may not be granted for terms in excess of ten years. Options for 11,425 shares were granted in March 1982 at \$32.50 per share. Options for 68,575 shares were available for grant under the plan at August 31, 1982.

NOTE 4 — Profit Sharing Plan

The Company has a Profit Sharing Plan for the benefit of its regular full-time employees, including officers. The Plan provides for annual contributions into a trust which are based upon an annual earnings formula, or more, as approved by the Board, but which may not exceed the amount deductible for income tax purposes. The Plan may be amended or discontinued at any time by the Company. Profit sharing expense for 1982, 1981, and 1980 approximated \$161,000, \$152,000 and \$128,000, respectively.

Quarterly Financial Information

The following table sets forth certain quarterly financial information for the two years ended August 31, 1982.

Quarter ended:	Net Sales	Gross Profit	Net Income	Earnings per share
November 30, 1980	\$10,373,000	\$ 5,478,000	\$ 1,406,000	\$.57
February 28, 1981	10,487,000	5,938,000	1,805,000	.73
May 31, 1981	11,911,000	6,972,000	2,193,000	.88
August 31, 1981	11,819,000	6,487,000	2,440,000	.99
	<u>\$44,590,000</u>	<u>\$24,875,000</u>	<u>\$ 7,844,000</u>	<u>\$3.17</u>
November 30, 1981	\$10,541,000	\$ 5,949,000	\$ 1,637,000	\$.66
February 28, 1982	11,388,000	6,582,000	2,177,000	.88
May 21, 1982	13,109,000	7,864,000	2,754,000	1.11
August 31, 1982	13,065,000	7,241,000	2,397,000	.97
	<u>\$48,103,000</u>	<u>\$27,636,000</u>	<u>\$ 8,965,000</u>	<u>\$3.62</u>

COPY OF FORM 10-K

Beneficial owners may obtain without charge a copy of WD-40 Company's annual report on Form 10-K filed with the Securities and Exchange Commission for 1982 by writing to the Secretary, WD-40 Company, 1061 Cudahy Place, San Diego, CA 92110.

STOCK INFORMATION

Period	Fiscal 1982			Fiscal 1981		
	High	Low	Dividend	High	Low	Dividend
First Quarter	40½	31¼	\$.50	37	29	\$.40
Second Quarter	41½	31½	.50	31	28	.45
Third Quarter	36½	28½	.50	39	31	.45
Fourth Quarter	41¾	34½	.55	38¾	36½	.50

The high and low sales prices are as quoted in Standard and Poor's Daily Stock Prices.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE LAST THREE FISCAL YEARS OF OPERATIONS (SEE SUMMARY OF OPERATIONS ON PAGES 9 AND 10)**Liquidity**

The company does not anticipate any liquidity problems.

Capital Generation

The company generates all the capital it needs.

Sales

Sales growth rates for fiscal 1980 through 1982 respectively were: 1.6%, 24.5%, and 7.8%. Price increases of about 15% for each of the first two years mask the retarding effect of the weak economy.

Cost of Products Sold

Product cost as a percent of sales has been reasonably stable for the past three fiscal years: 45.0%, 44.2%, and 42.6%.

Selling, Advertising, General and Administrative Expenses

Selling, administrative, and marketing expenses as a percent of sales for fiscal 1980 through 1982 respectively was: 26.6%, 22.9%, and 23.3%. The last two years benefited by some economies resulting from larger scale operations.

Board of Directors

Thomas Barger	Consultant, Former Chairman of the Board, Aramco
John S. Barry	President, Treasurer
Sam Crivello	Investor
Eugene H. DeFalco	Investor
Harlan F. Harmsen	Secretary
Margaret L. Roulette	Investor
Lucia D. Taylor	Investor

Officers

John S. Barry	President, Treasurer
Gerald C. Schleif	Vice President — Marketing
Harlan F. Harmsen	Secretary; Attorney, Harmsen, Carpenter & Wilkinson
E. Gianni	Assistant Secretary

General Counsel

Harmsen, Carpenter & Wilkinson

Independent Accountants

Price Waterhouse
San Diego, California

Transfer Agent & Registrar

California First Bank, 8155 Mercury Court, San Diego, California 92112

Corporate Office

1061 Cudahy Place
San Diego, California 92110
619/275-1400

Annual Meeting

2:00 PM, November 29, 1982
Company Offices
1061 Cudahy Place
San Diego, California 92110

Listed

Over the Counter. Symbol WDFC

TEN YEAR SUMMARY (1)

FISCAL YEAR ENDED AUGUST 31

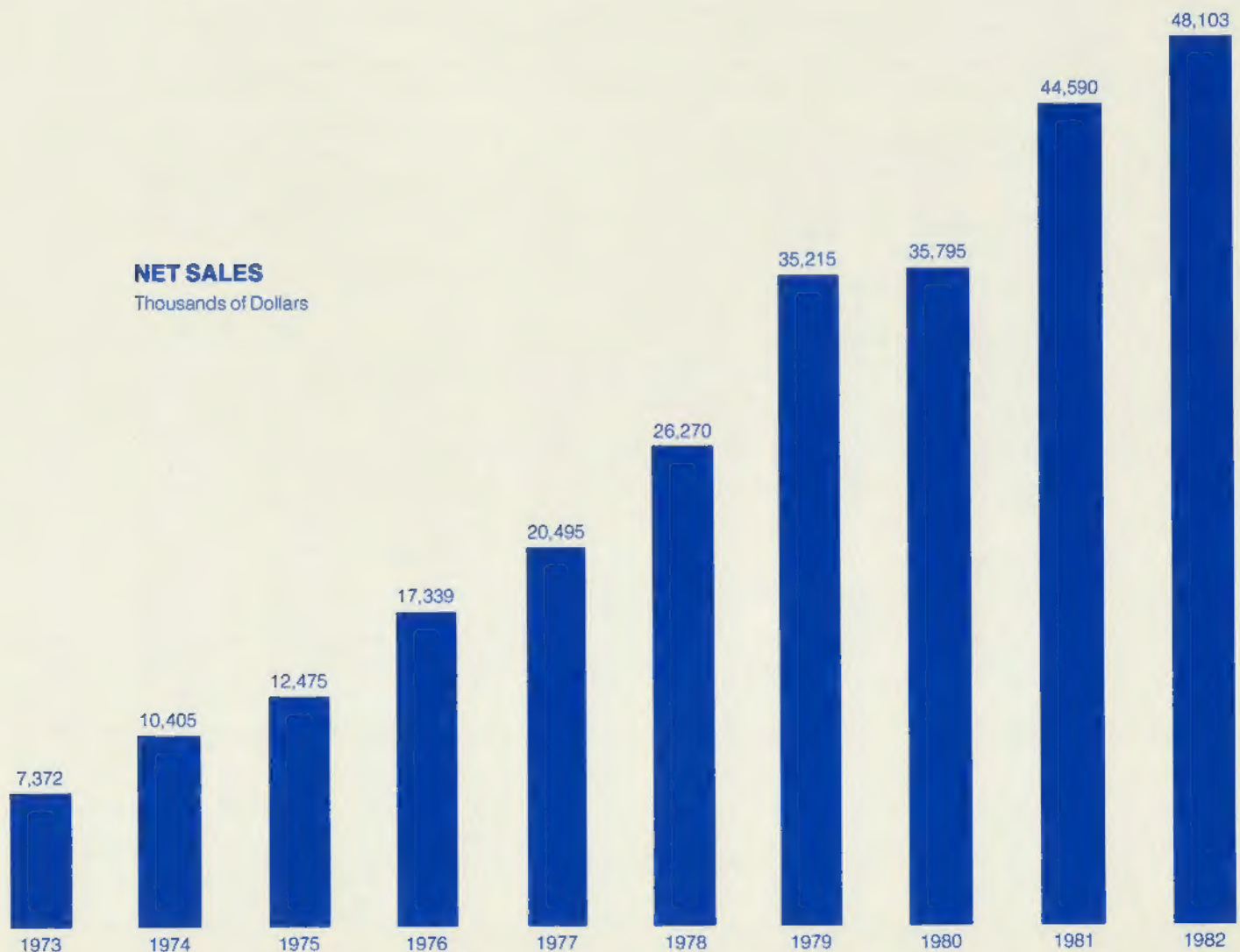
	1973	1974	1975
Net sales	\$7,372,000	\$10,405,000	\$12,475,000
Cost of products sold	2,834,000	4,392,000	5,863,000
Gross Profit	4,538,000	6,013,000	6,612,000
Selling, advertising, general and administrative expenses	2,140,000	2,877,000	3,483,000
Interest, royalty and other income	146,000	193,000	210,000
Income before taxes on income	2,544,000	3,329,000	3,339,000
Provision for income taxes	1,318,000	1,736,000	1,738,000
Net income	<u>\$1,226,000</u>	<u>\$ 1,593,000</u>	<u>\$ 1,601,000</u>
Earnings per share (2)	<u>\$.51</u>	<u>\$.655</u>	<u>\$.66</u>
Cash dividends per share (3)	<u>\$.475</u>	<u>\$.40</u>	<u>\$.40</u>
Total assets	<u>\$2,618,000</u>	<u>\$ 3,216,000</u>	<u>\$ 4,165,000</u>
Number of employees	20	23	24

(1) Includes the accounts of the Company and its wholly owned subsidiary. All significant inter-company transactions have been eliminated. See Management's Discussion and Analysis of Operations of the three years ended August 31, 1982 on page 7.

(2) Earnings per common share have been computed based upon the weighted average number of shares of common stock outstanding during each year after giving retroactive effect to the 42.5 for 1 stock split in November 1972 and the 2 for 1 stock split in October 1978. The weighted average number of shares outstanding during the fiscal year ended August 31, 1973, the years ended

NET SALES

Thousands of Dollars



1976	1977	1978	1979	1980	1981	1982
\$17,339,000	\$20,495,000	\$26,270,000	\$35,215,000	\$35,795,000	\$44,590,000	\$48,103,000
7,929,000	9,230,000	10,957,000	15,503,000	16,106,000	19,715,000	20,467,000
9,410,000	11,265,000	15,313,000	19,712,000	19,689,000	24,875,000	27,636,000
4,918,000	5,812,000	7,200,000	9,154,000	9,519,000	10,203,000	11,253,000
229,000	296,000	491,000	706,000	942,000	1,212,000	1,712,000
4,721,000	5,749,000	8,604,000	11,264,000	11,112,000	15,884,000	18,095,000
2,468,000	3,013,000	4,470,000	5,761,000	5,602,000	8,040,000	9,130,000
\$ 2,253,000	\$ 2,736,000	\$ 4,134,000	\$ 5,503,000	\$ 5,510,000	\$ 7,844,000	\$ 8,965,000
<u>\$.925</u>	<u>\$1.125</u>	<u>\$1.67</u>	<u>\$2.22</u>	<u>\$2.22</u>	<u>\$3.17</u>	<u>\$3.62</u>
<u>\$.475</u>	<u>\$.55</u>	<u>\$.80</u>	<u>\$1.20</u>	<u>\$1.55</u>	<u>\$1.80</u>	<u>\$2.05</u>
\$ 5,942,000	\$ 7,556,000	\$10,446,000	\$13,352,000	\$13,296,000	\$20,284,000	\$22,916,000
27	31	32	35	36	36	37

August 31, 1974 through 1976, the year ended August 31, 1977, the year ended August 31, 1978, and the years ended August 31, 1979 through 1981, and the year ended August 31, 1982, were 2,407,706, 2,434,490, 2,434,566, 2,471,426, 2,478,090 and 2,478,278, respectively.

(3) The cash dividends paid per common share have been retroactively restated to give effect to the November 1972 and October 1978 stock splits. Cash distributions paid to the shareholders through November 1972 were based on the approximate taxable income under Subchapter S for the four years ended August 31, 1969 through 1972 and therefore exceed net income after the charge equivalent to federal taxes on income.

EARNINGS

- Net Income: Thousands of Dollars
- Earnings per Share: Dollars

